

Warsaw, August 29, 2008



Minister of Environment

Maciej Nowicki

DGiKGe-4770-52/5363/08/MO

DECISION

Acting pursuant to Article 155 of the Code of Administrative Procedure and Article 16 section 1 point 1, section 3 point 3 and section 5a of the Geological and Mining Law of February 4, 1994 (Journal of Law of 2005 No. 228, item 1947, as amended) at the request of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu „PETROBALTIC” S.A. in Gdańsk, having consulted with the Minister competent for Maritime Economy

I hereby decide

to amend license No. 2/2006 dated November 7, 2006 granted by the Minister of Environment to Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu „PETROBALTIC” S.A. in Gdańsk for extraction of natural gas (gas condensate) from the "B6" deposit, located in the Polish Exclusive Economic Zone of the Baltic Sea, as follows:

1. point 6 of the license shall have the following wording:

"6. The license is granted for a period of 26 years, counting from the license date.",

2. point 7 of the license shall have the following wording:

"7. The licensed activity should be commenced within maximum 96 months, counting from the license date."

Justification

On November 7, 2006 the Minister of Environment granted license No. 2/2006 for extraction of natural gas (gas condensate) from the "B6" deposit, located in the Polish Exclusive Economic Zone of the Baltic Sea to Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu „PETROBALTIC” S.A.

By virtue of the request of May 27, 2008 the Company requested the Minister of Environment to amend the license in question by extending the licensing term and by modification of the commencement date of activity covered by the license.

The requested modification was driven by the economic analysis of the profitability of production from the B6 deposit. "Petrobaltic" S.A. intends to extend the production design of B6 deposit by adding B4, B21 deposits and potentially B22 deposit. The comprehensive and phased out development of four gas deposits (B4, B6, B21, B22) will also allow to reduce investment outlays under the project, which will enhance project economic efficiency, reduce risk level, increase the number of financing options and also will diversify gas supplies for Poland.

Pursuant to Article 16 section 3 point 3 and section 5a of the Geological and Mining Law and Code of Administrative Procedure the planned amendment to the license was consulted by the licensing authority with the minister competent for marine economy (Decision No. GB1o/073/843192/2008 of July 18, 2008).

As required by Article 155 of the Code of Administrative Procedure the Minister of Environment established that the amendment to the decision concerned with the change of commencement date of licensed activity

involving the extraction of the natural gas (gas condensate) from "B6" deposit lies in the interest of the party, and the requested modification is not in breach with secondary legislation, nor does it breach social interest.

Therefore, the decision was made as stated above.

This decision is final.

The Party dissatisfied with the decision may, within 14 days from its receipt (by appropriately applying appeal regulations), apply to the Minister of Environment for reexamination of the case.

To be received by:

PPiEZRiG PETROBALTIC S.A. in Gdańsk

CC:

1. Ministry of Infrastructure
2. State Mining Authority in Katowice
3. Polish Geological Institute - Register of Mining Areas in Warsaw
4. District Mining Authority in Poznań
5. National Fund for Environmental Protection and Water Management (NFOŚiGW) in Warsaw
6. to files



MINISTER OF ENVIRONMENT